

Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City, Metro Manila

TWENTIETH CONGRESS  
*Second Regular Session*

House Bill No. **11431**



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INTRODUCED BY REPRESENTATIVES RALPH WENDEL P. TULFO,  
JOCELYN P. TULFO, AND JEFFREY SORIANO

---

AN ACT  
CONSOLIDATING ALL PERFORMANCE MEASUREMENT TOOLS AND  
REWARDS SYSTEMS FOR ALL LOCAL GOVERNMENT UNITS BY  
INSTITUTIONALIZING MERITOCRACY IN THE PHILIPPINES, AMENDING  
CERTAIN PROVISIONS OF REPUBLIC ACT NO. 11292, OTHERWISE KNOWN  
AS "THE SEAL OF GOOD LOCAL GOVERNANCE ACT OF 2019"

#### EXPLANATORY NOTE

Local Government Units (LGUs) are at the forefront of delivering essential services and implementing programs that directly affect the daily lives of its people. To encourage good governance, several performance assessment tools and incentive systems have been introduced over the years. While these initiatives have promoted accountability and excellence, the presence of multiple and overlapping evaluation mechanisms has created inconsistencies, duplication of requirements, and additional administrative burdens on LGUs.

Republic Act No. 11292, otherwise known as the "Seal of Good Local Governance Act of 2019," established a performance-based recognition system that upholds transparency, accountability, and sound financial management. However, there remains a need to harmonize and consolidate existing performance measurement tools and rewards systems into a unified framework that promotes fairness, objectivity, and merit-based recognition.

This proposed measure seeks to amend certain provisions of Republic Act No. 11292 to institutionalize a consolidated and streamlined performance evaluation system for all LGUs. By promoting meritocracy and standardizing assessment criteria, the bill aims to reduce redundancy, enhance efficiency, and ensure that recognition and incentives are granted based on measurable performance and good governance outcomes. Through this reform, the measure seeks to strengthen local governance, encourage innovation and best practices, and ensure that public service at the local level remains responsive, accountable, and result-oriented.

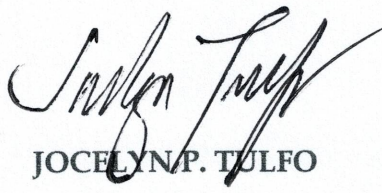
In view of the foregoing, the urgent passing of this bill is earnestly sought.



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*2<sup>nd</sup> District of Quezon City*



**JOCELYN P. TULFO**

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*Be it enacted by the Senate and House of Representatives of the Philippines in Congress  
assembled:*

1        **SECTION 1. *Short Title.*** This Act shall be known as the "local Governance  
2 Meritocracy Act."

3  
4        **SEC. 2.** Section 2 of Republic Act No. 11292, otherwise known as "The Seal of  
5 Good Local Governance Act of 2019," is hereby amended to read as follows:

6  
7        **"SEC. 2. *Declaration of Policy.*** - It is hereby declared the policy of the State  
8 to recognize the good performance of local government units (LGUs) in  
9 transparency and accountability in the use of public funds, preparedness for  
10 challenges posed by disasters, sensitivity to the needs of vulnerable and

1 marginalized sectors of society, implementation of health programs,  
2 investment and employment promotion, protection of constituency from  
3 threats to life and damage to property, and safeguarding the integrity of the  
4 environment. In such recognition, the State hopes to encourage all LGUs to take  
5 on greater challenges, encourage outcome-based performance, and ~~to~~ reward  
6 local governments for their effort in pursuing ~~the~~ POLICIES THAT  
7 PROMOTE the general welfare of their constituency and in enforcing existing  
8 laws.

9  
10 TO THIS END, A UNIFIED, PRACTICAL, AND REAL-TIME  
11 PERFORMANCE MEASUREMENT TOOL SHALL BE INSTITUTIONALIZED  
12 TO GAUGE THE EFFECTIVENESS OF LGUs IN ACHIEVING THEIR  
13 RESPECTIVE LOCAL DEVELOPMENT OUTCOMES IN THE AREAS OF  
14 HEALTH, EDUCATION, STANDARDS OF LIVING, AND PEACE AND  
15 ORDER. LGUS UNDER THIS ACT SHALL INCLUDE PROVINCES, CITIES,  
16 MUNICIPALITIES, AND BARANGAYS."

17  
18 SEC. 3. Section 4 of the same Act is hereby amended to read as follows:

19  
20 "SEC. 4. *The Council of Good Local Governance.* -There is hereby  
21 established a Council of Good Local Governance (the "Council"), which shall  
22 be composed of the following:

- 23  
24 (a) Department of the Interior and Local Government (DILG);  
25 (b) Department of Budget and Management (DBM);  
26 (c) Department of Finance (DOF);  
27 (d) Department of Health (DOH);  
28 (e) Department of Social Welfare and Development (DSWD);  
29 (f) Department of Education (DepEd);  
30 (g) Department of Tourism (DOT);

- 1 (h) Department of Environment and Natural Resources (DENR);
- 2 (i) ~~[National Economic and Development Authority (NEDA)]~~
- 3 DEPARTMENT OF PLANNING, ECONOMY, AND
- 4 DEVELOPMENT (DEPDEV);
- 5 (j) Office of Civil Defense; ~~{and}~~
- 6 (k) [One (1) representative from the basic sectors to be nominated by the
- 7 ~~[National Anti-Poverty Commission (NAPC)]~~ COMMISSION ON
- 8 HIGHER EDUCATION (CHED);
- 9 (L) PHILIPPINE STATISTICS AUTHORITY (PSA);
- 10 (M) PHILIPPINE NATIONAL POLICE (PNP);
- 11 (N) DEPARTMENT OF INFORMATION AND COMMUNICATIONS
- 12 TECHNOLOGY (DICT);
- 13 (O) COMMISSION ON AUDIT (COA);
- 14 (P) CIVIL SERVICE COMMISSION (CSC); AND
- 15 (Q) One (1) representative from the basic sectors to be nominated by the
- 16 National Anti-Poverty Commission (NAPC).

17

18 The Secretary of the DILG shall act as Chairperson of the Council, WITH

19 THE PSA NATIONAL STATISTICIAN AS CO-CHAIRPERSON. The

20 appropriate office of the DILG, as the latter may designate, shall serve as the

21 Secretariat of the Council.

22

23 FOR PURPOSES OF THE DETERMINATION OF THE GRANTING OF

24 THE SGLG, THERE SHALL BE FIVE (5) COMMITTEES TO BE FORMED

25 WITHIN THE COUNCIL TO CORRESPOND WITH EACH OF THE

26 DIMENSIONS OF HUMAN DEVELOPMENT MERITOCRACY CRITERIA AS

27 ENUMERATED UNDER SECTION 7 HEREOF, AS FOLLOWS:

- 28
- 29 1. COMMITTEE ON HEALTH - TO BE CHAIRED BY THE
- 30 SECRETARY OF THE DOH AND SUPPORTED BY THE SOCIAL

1                    DEVELOPMENT COMMITTEE OF THE REGIONAL  
2                    DEVELOPMENT COUNCILS AND LOCAL HEALTH BOARDS;

3  
4                    2. COMMITTEE ON EDUCATION - TO BE CHAIRED BY THE 3.  
5                    SECRETARY OF THE DEPED, CO-CHAIRLED BY THE  
6                    CHAIRPERSON OF THE CHED, AND SUPPORTED BY THE  
7                    SOCIAL DEVELOPMENT COMMITTEE OF THE REGIONAL  
8                    DEVELOPMENT COUNCILS AND THE LOCAL SCHOOL  
9                    BOARDS;

10  
11                    3. COMMITTEE ON PEACE AND ORDER AND PUBLIC SAFETY -  
12                    TO BE CHAIRED BY THE SECRETARY OF THE DILG AND  
13                    SUPPORTED BY THE NATIONAL PEACE AND ORDER  
14                    COUNCIL AND THE PEACE AND ORDER COUNCILS AT THE  
15                    REGIONAL AND LOCAL LEVELS;

16  
17                    4. COMMITTEE ON STANDARDS OF LIVING - TO BE CHAIRED BY  
18                    THE DEPDEV AND SUPPORTED BY THE REGIONAL AND  
19                    LOCAL DEVELOPMENT COUNCILS; AND

20  
21                    5. COMMITTEE ON INFLATION - TO BE CHAIRED BY THE  
22                    DEPDEV AND SUPPORTED BY THE REGIONAL AND LOCAL  
23                    DEVELOPMENT COUNCILS.

24  
25                    THE COUNCIL SHALL DESIGNATE EACH COUNCIL MEMBER TO  
26                    BE PART OF THE APPROPRIATE COMMITTEE TO COINCIDE WITH ITS  
27                    OFFICIAL MANDATE OR FUNCTION."

28  
29                    **SEC. 4.** Section 5 of the same Act is hereby amended to read as follows:  
30

1 "SEC. 5. *Powers and Functions of the Council.* -The Council shall act as a  
2 policy-making and advisory body to ensure the proper implementation of the  
3 SGLG. It shall perform the following powers and functions:  
4

5 (a) Develop and promulgate the performance indicators that shall serve as  
6 standards for evaluating the LGUs' compliance ~~{and/or}~~ AND  
7 satisfaction ~~{of}~~ WITH each of the criteria prescribed under Section 7 of  
8 this Act. *Provided*, That the Council shall designate each Council member  
9 to lead the development of performance indicators [his/her] in THE  
10 area of jurisdiction or expertise and recommend the approval of such  
11 performance indicators by the Council: *Provided, further*, That in the  
12 development and approval of the performance indicators, the Council  
13 shall take into consideration that LGUs may not be similarly situated  
14 and that one (1) or more indicators may be peculiarly inapplicable or  
15 extremely difficult to meet given the inherent limitations or  
16 circumstances of the LGUs~~{}~~: PROVIDED FINALLY, THAT THE  
17 COUNCIL SHALL CONSIDER THE INDIVIDUAL PERFORMANCE  
18 OF EACH LEVEL OF LGU VIS-À-VIS THEIR RESPECTIVE  
19 HISTORICAL PERFORMANCES BASED ON THE STANDARDS FOR  
20 EVALUATING EACH DIMENSION UNDER THE HUMAN  
21 DEVELOPMENT MERITOCRACY CRITERIA AS DEFINED UNDER  
22 SECTION 7 OF THIS ACT;  
23

24 (b) Review ~~{and/or}~~ OR revise the performance indicators consistent with  
25 the long-term development plans of the National Government. The  
26 ~~{development}~~ IDENTIFICATION of indicators should reflect  
27 DEVELOPMENT outcomes that are performance-based, encouraging  
28 outputs that reflect concrete benefits to the community in terms of  
29 policy, rules, regulations, behavior, skill competencies, knowledge, or  
30 attitude;

1  
2 (c) Conduct an IMPACT evaluation [~~of the impact~~] of this Act on the  
3 performance of the LGUs for purposes of determining the need for  
4 enhancing or continuing the SGLG, rolling out the SGLG in barangays  
5 AND NATIONAL GOVERNMENT AGENCIES and recommending  
6 any amendatory legislation. For this purpose, the Council shall institute  
7 an effective feedback mechanism where the concerns of LGUs and other  
8 stakeholders on the implementation of the SGLG are appropriately  
9 considered;

10  
11 (d) Create technical working groups, upon the recommendation of the  
12 Council member concerned, composed of experts from government  
13 agencies, representatives from the leagues of provinces, cities and  
14 municipalities, BARANGAYS, and other sectors, to assist the Council  
15 members in the performance of their respective functions as provided  
16 for in paragraph (a) of this section;

17  
18 (e) Submit to the President of the Philippines, the President of the Senate,  
19 and the Speaker of the House of Representatives, on an annual basis,  
20 copies of the performance indicators approved by the Council together  
21 with the performance indicators developed and recommended by the  
22 lead Council member, and the result of the impact assessment  
23 conducted pursuant to paragraph (c) of this section; [~~and~~]

24  
25 (f) BE IN CHARGE OF DATA COLLECTION, INTEGRATION, AND  
26 PROCESSING STANDARDS FOR THIS MEASURE AND SUPPORT  
27 THE LGUS BY PROVIDING ANY DATA THEY NEED TO  
28 REGULARLY UPDATE THEIR DIMENSIONS UNDER THE HUMAN  
29 DEVELOPMENT MERITOCRACY CRITERIA; AND  
30

1           (G)Perform such other functions as are necessary or incidental to properly  
2           carry out the purposes of this Act."

3  
4  
5       SEC. 5. Section 6 of the same Act is hereby amended to read as follows:

6  
7           "SEC. 6. *Implementing ~~{Agency}~~ AGENCIES.* -The DILG AND THE PSA  
8       shall be the JOINT implementing ~~{agency}~~ AGENCIES of this Act. ~~{It}~~ THEY  
9       shall, through ~~{its}~~ THEIR relevant bureaus and offices, and in consultation and  
10      coordination with partner agencies or sectors, RESPECTIVE LEAGUES OF  
11      LGUs AND LOCAL OFFICIALS, AND CONCERNED LGUs, be responsible  
12      for the assessment and evaluation of each LGU relative to its compliance with  
13      the criteria~~{,}~~ and SHALL recommend to the Council whether an LGU qualifies  
14      to be conferred or awarded the SGLG~~{,}~~ OR OTHER APPROPRIATE ACTION  
15      AS MAY BE ALLOWED IN THIS ACT, SUCH AS:

16  
17           (a) THE DILG AND PSA MAY, INDIVIDUALLY OR JOINTLY, CALL ON  
18           ANY       OTHER       CONCERNED       AGENCIES       AND  
19           INSTRUMENTALITIES, LGU LEAGUES, CSOS, SECTORS, OR OTHER  
20           BODIES, AS THEY MAY DEEM NECESSARY, TO ASSIST IN  
21           CARRYING OUT THEIR RESPONSIBILITIES UNDER THIS ACT;

22  
23           (b) THE PSA SHALL SERVE AS THE PRIMARY DATA CUSTODIAN AT  
24           THE NATIONAL LEVEL. IT SHALL BE IN CHARGE OF SETTING UP  
25           A DATA REPOSITORY THAT SHALL BE ACCESSIBLE TO THE  
26           PUBLIC IN COMPLIANCE WITH THE DATA PRIVACY ACT.

27  
28           (c) THE DILG SHALL, IN COORDINATION WITH THE PSA,  
29           RECOGNIZE WELL-PERFORMING LGUS AND GRANT FINANCIAL  
30           INCENTIVES TO THE BEST PERFORMING LGUS OR ENFORCE THE

1           APPROPRIATE MEASURES, AS PROVIDED IN THIS ACT:  
2           PROVIDED, THAT IT CONFORMS TO THE PRINCIPLE OF  
3           SUBSIDIARITY AS GUARANTEED UNDER SEC. 4, ARTICLE X OF  
4           THE 1987 CONSTITUTION; AND

5  
6           (d) THE PSA SHALL FINALIZE THE DATA COLLECTION,  
7           INTEGRATION, AND PROCESSING STANDARDS THE LGUS  
8           SHALL SHARE AND USE.

9  
10           THE DILG SHALL, IN COORDINATION WITH THE PSA, BE IN  
11           CHARGE OF PROVIDING CAPACITY-BUILDING AND TRAINING  
12           SESSIONS FOR LGUS IN VIEW OF FULFILLING THE LATTER'S  
13           RESPONSIBILITIES UNDER THIS ACT.

14  
15           The DILG shall call on any other concerned agencies, civil society  
16           organizations (CSOs), or THE PRIVATE sector[s], as it may deem necessary, to  
17           assist in carrying out its responsibilities under this Act."

18  
19           SEC. 6. Section 7 of the same Act is hereby amended to read as follows:

20  
21           "SEC. 7. *Criteria.* - For the purpose of this Act, TWO CRITERIA  
22           CATEGORIES SHALL BE APPLIED ON DIFFERENT ASPECTS OF LOCAL  
23           GOVERNANCE: (1) "GOVERNANCE CRITERIA" WHICH EMPHASIZES  
24           PROCESSES AND INPUTS FOR STRENGTHENING LOCAL  
25           GOVERNANCE, AND (2) "HUMAN DEVELOPMENT MERITOCRACY  
26           CRITERIA" WHICH FOCUSES ON GAUGING DEVELOPMENT OUTCOMES  
27           THAT AN LGU IS EXPECTED TO ACHIEVE. The [areas] DIMENSIONS in  
28           [the] EACH criteria CATEGORY shall be understood and interpreted as  
29           follows:

1           "(1) GOVERNANCE CRITERIA

2  
3           (a) x x x

4  
5           (b) x x x

6  
7           (c) x x x

8  
9           (d) x x x

10  
11          (e) x x x

12  
13          (f) x x x

14  
15          (g) x x x

16  
17          (h) x x x

18  
19          (i) x x x

20  
21          (j) x x x

22  
23  
24           "(2) HUMAN DEVELOPMENT MERITOCRACY CRITERIA

25  
26           (A) HEALTH AND SOCIAL DIMENSION - THIS DIMENSION  
27           MEASURES THE OVERALL QUALITY OF HEALTH WITHIN A  
28           LOCALITY THROUGH THE LONGEVITY OF LIFE OF ITS  
29           CONSTITUENTS.  
30

1                   (B) EDUCATION - THIS DIMENSION MEASURES THE ACCESS OF  
2                   A LOCALITY'S CONSTITUENTS TO QUALITY EDUCATION.

3  
4                   (C) STANDARD OF LIVING - THIS DIMENSION MEASURES THE  
5                   LEVEL OF INCOME OF CONSTITUENTS AND ECONOMIC  
6                   OPPORTUNITIES WITHIN A LOCALITY.

7  
8                   (D) PEACE AND ORDER AND PUBLIC SAFETY - THIS DIMENSION  
9                   MEASURES THE PREVALENCE OF CRIMES WITHIN A  
10                  LOCALITY.

11  
12                  (E) INFLATION - THIS DIMENSION MEASURES INFLATION AND  
13                  ITS EFFECT ON A LOCALITY'S CONSTITUENTS.

14  
15                  EACH DIMENSION UNDER THE HUMAN DEVELOPMENT  
16                  MERITOCRACY CRITERIA SHALL BE MEASURED USING A SET OF  
17                  INDICATORS TO BE FORMULATED AND DETERMINED BY THE  
18                  CONCERNED COMMITTEE AND APPROVED BY THE COUNCIL BASED  
19                  ON ACCEPTABLE NATIONAL OR INTERNATIONAL STANDARDS,  
20                  TOGETHER WITH THE DATA IN THE PHILIPPINE HUMAN  
21                  DEVELOPMENT REPORT. IN DETERMINING SUCH, THE COUNCIL  
22                  SHALL PRIORITIZE INDICATORS THAT CAN BE GENERATED FROM  
23                  NATIONAL AND LOCAL GOVERNMENT SOURCES WITHOUT THE NEED  
24                  FOR PRIMARY DATA GATHERING METHODOLOGIES SUCH AS  
25                  STATISTICAL SURVEYS, CENSUS, AND REGISTERS.

26  
27                  THE SET OF INDICATORS FOR EACH DIMENSION SHALL BE USED  
28                  TO COMPUTE THE QUALIFICATIONS OF EACH LGU AND ASSESS BASED  
29                  ON THEIR RESPECTIVE HISTORICAL GROWTH OR PERFORMANCE SO

1 THAT EACH LEVEL OF LGU COMPETES AGAINST ITSELF AND NOT AS  
2 AGAINST OTHER LGUS.

3  
4 THE COUNCIL SHALL CONTINUOUSLY EXPLORE ALTERNATIVE  
5 STATISTICAL INDICATORS FOR THE HUMAN DEVELOPMENT  
6 MERITOCRACY CRITERIA AS MAY BE NECESSARY AND APPROPRIATE  
7 FOR PURPOSES OF FASTER DATA COLLECTION AND PROCESSING.  
8 THESE INDICATORS SHALL BE UPDATED ANNUALLY BY THE  
9 CONCERNED AGENCY AND SHARED WITH THE CONCERNED LGUS TO  
10 ENSURE THAT THE DATA EFFECTIVELY REFLECT THE KEY  
11 DIMENSIONS OF THE HUMAN DEVELOPMENT MERITOCRACY  
12 CRITERIA AS STIPULATED UNDER THIS ACT AND ARE MORE READILY  
13 TRANSPARENT AND ACCESSIBLE FOR EFFICIENT COLLECTION AND  
14 PROCESSING OF THE LGUS AND IMPLEMENTING AGENCIES.

15  
16 The foregoing criteria may be expanded by the Council to align with the  
17 thrusts of the National Government and attune them ~~[with]~~ TO the changing  
18 times."

19  
20 SEC. 7. Two new sections denominated as Section 7-A and Section 7-B,  
21 respectively, are inserted after Section 7 of the same Act to read as follows:

22  
23 "SEC. 7-A. DATA COLLECTION. - LGUS SHALL BE DESIGNATED AS  
24 THE PRIMARY DATA COLLECTING AGENCY WITHIN THEIR  
25 RESPECTIVE LOCALITIES.

26  
27 FOR PURPOSES OF THIS ACT, LGUS MAY OPT TO HIRE THE  
28 NECESSARY PERSONNEL, SUCH AS STATISTICIANS AND OTHERS, THE  
29 NUMBER AND POSITIONS OF WHICH SHALL BE DETERMINED BY THE

1 COUNCIL THROUGH THE REVISED IMPLEMENTING RULES AND  
2 REGULATIONS TO BE ISSUED THEREFOR.

3  
4 CONSISTENT WITH SECTION 7 OF THIS ACT, DATA THAT MAY BE  
5 ACCESSED WITHOUT THE NEED FOR PRIMARY DATA-GATHERING  
6 METHODOLOGIES AS DESCRIBED ABOVE SHALL BE PRIORITIZED.

7  
8 "SEC. 7-B. PERIODICITY OF DATA COLLECTION. - FOR THE  
9 HUMAN DEVELOPMENT MERITOCRACY CRITERIA UNDER SECTION 7  
10 OF THIS ACT, REGULAR AND SYNCHRONIZED DATA COLLECTION  
11 SHALL BE CONDUCTED BY LGUS ANNUALLY OR ON SHORTER  
12 PERIODS BASED ON THE LATEST AVAILABILITY OF IDENTIFIED  
13 INDICATORS. IN THE CONDUCT OF DATA COLLECTION, LGUS SHALL  
14 BE GIVEN TECHNICAL ASSISTANCE FROM THE APPROPRIATE  
15 NATIONAL GOVERNMENT AGENCIES, AS NEEDED.

16  
17 TO THE EXTENT POSSIBLE, HOWEVER, LGUS ARE EXPECTED TO  
18 MONITOR INDICATORS AT SHORTER INTERVALS AS  
19 IMPLEMENTATION OF THIS ACT BECOMES MUCH MORE  
20 ESTABLISHED."

21  
22 SEC. 8. Section 8 of the same Act is hereby amended to read as follows:

23  
24 "SEC. 8. Requisites to Qualify for SGLG. - An LGU, which, according to  
25 the assessment of the DILG, complies, qualifies, and passes all assessment  
26 criteria as provided in Section 7 of this Act, AND APPROVED BY THE  
27 COUNCIL, shall be conferred and awarded the SGLG and granted the  
28 corresponding RECOGNITION, AWARDS AND MONETARY incentives as  
29 provided under Section 11 of this Act. IN ASSESSING AN LGU'S  
30 QUALIFICATION FOR THE SGLG, GREATER CONSIDERATION SHALL BE

1 GIVEN TO THE LOCAL GOVERNMENT'S COMPLIANCE WITH THE  
2 HUMAN DEVELOPMENT MERITOCRACY CRITERIA AS ENUMERATED  
3 UNDER SECTION 7 OF THIS ACT. SEVENTY PERCENT (70%) OF ANY  
4 NUMERICAL ASSESSMENT WEIGHT SHALL BE ASSIGNED TO THE  
5 HUMAN DEVELOPMENT MERITOCRACY CRITERIA WHILE THIRTY  
6 PERCENT (30%) SHALL BE FOR THE GOVERNANCE CRITERIA."

7  
8 SEC. 9. Section 11 of the same Act is hereby amended to read as follows:

9  
10 "SEC. 11. ~~[The]~~ SGLG ~~[Incentive]~~ Fund. -There is hereby created a  
11 special account under the General Appropriations Act (GAA) called the "SGLG  
12 Fund". The Fund shall be utilized only to pay out the incentives granted to  
13 LGUs [which] THAT qualify for the SGLG.

14  
15 The Council established under Section 4 of this Act shall have the  
16 authority to determine the monetary incentives for LGUs based on the number  
17 of awardees. It shall also have the authority to re~~[-]~~evaluate and increase the  
18 amount of SGLG incentives to be awarded to LGUs: *Provided, That*, the increase  
19 shall be subject to the sufficiency of the Fund at the time the increment is  
20 implemented.

21  
22 LGU RECOGNITION FOR THE SGLG SHALL BE CONDUCTED  
23 ANNUALLY. QUARTERLY OR BI-ANNUAL RECOGNITIONS CAN BE  
24 EXPLORED AS THE IMPLEMENTATION OF THIS INCENTIVE BECOMES  
25 MUCH MORE ESTABLISHED. MONETARY INCENTIVES FOR LGUS  
26 UNDER THIS ACT MAY ALSO BE SOURCED FROM OTHER FUND  
27 ASSISTANCE SOURCES TO LGUS UNDER THE DILG OR OTHER  
28 AGENCIES.

1           LGUS EXPERIENCING PERSISTENT AND UNJUSTIFIABLE  
2           DECLINE IN THE INDICATORS IDENTIFIED UNDER THE HUMAN  
3           DEVELOPMENT MERITOCRACY CRITERIA UNDER SECTION 7 OF THIS  
4           ACT MAY BE DISINCENTIVIZED IN THE FORM OF LOWER OR ZERO  
5           INCENTIVE: PROVIDED, HOWEVER, THAT THESE DECLINES ARE NOT  
6           DUE TO EXTERNAL SHOCKS, SUCH AS NATURAL CALAMITIES,  
7           PANDEMICS, OR UNFORESEEABLE EVENTS BEYOND THE CONTROL OF  
8           THE LGUS: PROVIDED, FINALLY, THAT THE SPECIFIC BENCHMARKS OR  
9           STANDARDS ABOUT THE QUALIFYING PERCENTAGE DECREASE AND  
10           THE SUPPLEMENTARY CRITERIA WILL BE DETERMINED BY THE  
11           COUNCIL."

12  
13           SEC. 10. Section 12 of the same Act is hereby amended to read as follows:

14  
15           "SEC. 12. *Utilization and Limitations on Expenditures of the Incentives Under*  
16           *the SGLG Fund.* – The use of the incentives paid out of the SGLG Fund shall be  
17           governed by the policies governing the utilization of the twenty percent (20%)  
18           of the annual ~~{Internal Revenue Allotment (IRA)}~~ NATIONAL TAX  
19           ALLOTMENT (NTA) for local development projects, the Annual Investment  
20           Program (AIP), and the Local Development Investment Program (LDIP).

21  
22           The MONETARY incentives paid out of the SGLG Fund shall not be  
23           used for any of the following:

24  
25           x x x."

26  
27           SEC. 11. Section 14 of the same Act is hereby amended to read as follows:

28  
29           "SEC. 14. *Management and Administration of the SGLG Fund.* – The SGLG  
30           Fund established under Section 11 of this Act shall be managed and

1 administered by the DILG with the supervision of the Council. Appropriation  
2 to replenish the amount paid out from the Fund during the year ~~{and/or}~~ OR  
3 to augment the Fund shall be proposed by THE COUNCIL and \_ included in  
4 the budget of the DILG under the GAA."

5  
6 **SEC. 12.** Section 15 of the same Act is hereby amended to read as follows:

7  
8 "SEC. 15. *Guarantee of Local Government Autonomy.* – The LOCAL AND  
9 FISCAL autonomy of LGUs, AS GUARANTEED UNDER THE 1987  
10 CONSTITUTION, shall be respected at all times. Nothing in this Act shall be  
11 interpreted as limiting the autonomy of LGUs to establish policies and pursue  
12 programs and projects designed not only to qualify for the SGLG award but  
13 also to ensure the enjoyment of their constituency the right to life, liberty,  
14 property, health, education, balanced and healthful ecology, among others, in  
15 the exercise of their POLICE power under the general welfare clause. THE  
16 CONSTITUTIONAL MANDATE ON SUBSIDIARITY PURSUANT TO THE  
17 PRESIDENT'S SUPERVISION POWER OVER LGUS SHALL BE RESPECTED  
18 AT ALL TIMES."

19  
20 **SEC. 13.** Section 16 of the same Act is hereby amended to read as follows:

21  
22 "SEC. 16. *SGLG Operating Fund.* – The activities and operational  
23 expenses, other than the incentive payouts, related to the implementation of  
24 this Act shall be initially funded from the DILG's Performance Challenge Fund.  
25 Thereafter, the DILG shall include in its annual budget to be incorporated in  
26 the GAA~~{,}~~ the item for the SGLG operating fund in the amount equivalent to  
27 ~~{two percent (2%)}~~ NOT LESS THAN FIVE PERCENT (5%) of the SGLG Fund."

1        SEC. 14. *Data Privacy.* This data collection system shall respect the  
2 fundamental human right of privacy, ensure data quality, and uphold data protection  
3 principles of legitimate purpose, transparency, and proportionality.  
4

5        SEC. 15. *Implementing Rules and Regulations.* Within ninety (90) days from  
6 the effectivity of this Act, the members of the Council led by the DILG and the PSA,  
7 together with the Union of Local Authorities of the Philippines and the Leagues of  
8 LGUs and local officials, shall promulgate the rules and regulations necessary for the  
9 effective implementation of this Act.  
10

11       SEC. 16. *Separability Clause.* If any provision or part of this Act is held  
12 unconstitutional or invalid, the remaining parts or provisions not affected shall  
13 remain in full force and effect.  
14

15       SEC. 17. *Repealing Clause.* All laws, presidential decrees, executive orders,  
16 letters of instructions, administrative orders, rules and regulations contrary to or  
17 inconsistent with the provisions of this Act are hereby repealed, amended, or modified  
18 accordingly.  
19

20       SEC. 18. *Effectivity.* - This Act shall take effect fifteen (15) days after its  
21 publication in the Official Gazette or in a newspaper of general circulation.  
22

23       Approved,